

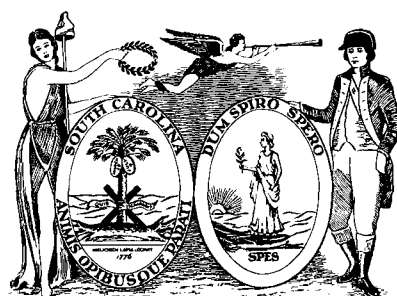
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South Carolina Advisory Commission On Intergovernmental Relations

1980 - 1995



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Member Aiken City Council

William D. Workman, III
Mayor City of Greenville

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Betty Roper
Santee Lynches Council of Governments

Special Purpose Districts

Malcolm D. Bragg, Sr.
Taylors

Introduction

The South Carolina Advisory Commission on Intergovernmental Relations (SCACIR) has served the citizens of the state for over fifteen years, working to resolve problems and issues facing South Carolina and its local governments. The Commission has consistently focused its attention on the relationships between these levels of government, offering sound recommendations to improve these relationships, as well as governance in general. The purpose of this report is to highlight the reports and recommendations adopted by the Commission during its first fifteen years.

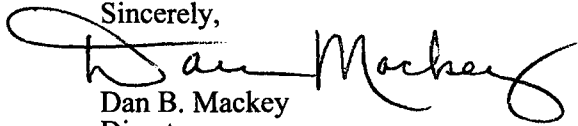
The SCACIR was originally created by Executive Order of the Governor in 1979, was established as a state agency by the General Assembly in 1984, and was incorporated into the State Budget and Control Board in 1995. Its mission is to improve coordination and cooperation between the State and its local governments and to provide research, information, and advisory services to public officials and citizens of South Carolina.

SCACIR is the only entity committed to the study of state and local government issues; it is the only place where all participants in the intergovernmental arena can meet and work together in a neutral setting. By its legislative mandate, SCACIR acts as a forum for the discussion and study of intergovernmental problems, researching and making recommendations on timely issues selected for study by the Commission. In addition, SCACIR examines proposed and existing programs affecting local governments, participates in the continuing education of elected officials, and works closely with the State's colleges and universities on matters of common concern.

Of the twenty-one Commission members, eight represent the General Assembly, three represent municipalities, three represent counties, four represent the general public, and one member each represents school boards, special purpose districts, and regional councils. Members of the Commission are appointed by the Governor for terms of two years.

By far, the greatest asset to the Commission in the pursuit of its mission is the leadership and dedication to improved governance exhibited by the men and women that have served as Commissioners over the past fifteen years. All Commissioners, past and present, are to be commended for their participation and support of the ideals of intergovernmental cooperation.

Sincerely,



Dan B. Mackey
Director

SPECIAL ACKNOWLEDGEMENT AND APPRECIATION FOR FORMER ACIR COMMISSIONERS

CITIZEN MEMBERS

Dr. Anna Ruben	Columbia	1979-1980
James O. Thomason	Spartanburg	1979-1981
William Youngblood	Charleston	1979-1987
Anne Zeigler	Florence	1979-1987
Charles Riley	Fairfax	1980-1987
Jimmy Whitlock	Clemson	1881-1984
G. William Thomason	Greenwood	1984-1987
Dr. L. Fred Carter	Columbia	1987-1991
Dr. R. Bateman Chandler	Columbia	1989-1991
Eddie Gunn	Columbia	1991-1995
W. T. Boykin	Marion	1986-1995
Flynn W. Cockfield	Johnsonville	1994-1995

LEGISLATORS

Senator Harris Page Smith <i>Original Chairman</i>	Pickens	1979-1981
Senator Heyward McDonald <i>Chairman</i>	Columbia	1981-1984
Representative Marc Westbrook	Lexington	1979-1984

Senator Thomas E. Smith, Jr.	Pamplico	1981-1988
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Representative Sara Shelton	Greenville	1984-1987
Senator Thomas H. Pope III	Newberry	1985-1990
Representative Bob McLellan	Seneca	1983-1990
Senator Sherry Martschink	Mt. Pleasant	1989-1992
Senator Sam Stilwell	Greenville	1989-1993
Representative H. Howell Clyborne Jr.	Greenville	1993-1994
Senator Holly Cork	Hilton Head	1990-1995
Representative Bob Sheheen <i>Chairman</i>	Camden	1983-1995
Herb Kirsh	Clover	1983-1995

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Thomas D. Wingard	Greenwood	1979-1982
Johnny J. Dodds	Mt. Pleasant	1982-1984
Betty Jo Rhea	Rock Hill	1983-1987
Lewis Miller	Spartanburg	1983-1989
Fred Washington, Jr.	Beaufort	1984-1987
Elton Culpepper	Walterboro	1987-1989
John Bourne	North Charleston	1987-1991

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Candy Y. Waites	Richland County	1979-1987
Johnnie Flynn	Berkeley County	1983-1987
Bill Clyburn	Aiken County	1983-1986
Jerry Keith	Florence County	1986-1989
Johnny Powers	Florence County	1989-1990
Peggy Upchurch	York County	1987-1994
Grady Greer	Florence County	1992-1994
Neil Smith	Pickens County	1990-1995

SCHOOL BOARD

Willis Crain	Chester	1984-1989
Sandra Franklin	Columbia	1989-1993
William F. (Bick) Halligan	Columbia	1993-1994

SPECIAL PURPOSE DISTRICTS

Dennis Gilstrap	Greenville	1982-1990
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COUNCILS OF GOVERNMENT

Joseph Wilder	Barnwell	1979-1989
Larry B. Richardson, Sr.	Greenwood	1989-1990

South Carolina Advisory Commission on Intergovernmental Relations Commission Reports 1980-1994

Report Number	Date	Title
37	October 1994	<i>Home Rule in South Carolina: An Examination of the State-Local Relationship</i>
36	March 1994	<i>Elements of a Growth Policy for South Carolina</i>
35	November 1993	<i>Federal Funds in South Carolina: A Brief Overview</i>
34	July 1993	<i>Report of Special Purpose Districts 1992</i>
33	July 1993	<i>Catalog of State Mandates to South Carolina Local Governments</i>
32	March 1993	<i>Metropolitan Council Form of Government: An Option for Urbanized Areas</i>
31	February 1993	<i>Charter Form of Government for South Carolina's Counties</i>
30	February 1993	<i>South Carolina's Communities: A Profile of Change</i>
29	November 1993	<i>State Revenue Estimating in South Carolina</i>
28	August 1991	<i>Fines and Assessments in South Carolina</i>
27	July 1991	<i>Report of Special Purpose Districts 1990</i>
26	June 1991	<i>Catalog of State Mandates to South Carolina Local Governments, 1989-1990 Legislative Session</i>
25	May 1991	<i>The Future of Municipal Annexation in South Carolina</i>
24	February 1991	<i>Financing Government in the Palmetto State: A Study of Taxation in South Carolina</i>
23	January 1991	<i>South Carolina Local Government Capital Project and Infrastructure Needs Survey</i>

22	October 1990	<i>Federal Funds in South Carolina: Brief Overview</i>
21	June 1990	<i>Intergovernmental Innovations in South Carolina</i>
20	March 1990	<i>Aid to Subdivisions: An Examination of State-Shared Revenue in South Carolina</i>
19	September 1989	<i>Investing in the Future: A Reconsideration of Local Government Debt and State Constraints</i>
18	September 1989	<i>Election Reform for Increased Voter Participation in SC</i>
17	May 1989	<i>Planning for South Carolina's Future</i>
16	June 1988	<i>The Homestead Exemption Revisited</i>
15	June 1988	<i>State Mandated Local Government Expenditures and Revenue Limitations in South Carolina</i>
14	March 1988	<i>Local Government Consolidation in SC</i>
13	December 1987	<i>Local Intergovernmental Cooperation: The State of the Art in South Carolina</i>
12	January 1987	<i>Roles and Relationships: South Carolina Government in the Year 2000</i>
11	November 1985	<i>Identifying Special Purpose Districts in South Carolina</i>
10	May 1986	<i>The Gramm-Rudman-Hollings Amendment: Changing the Federal Role in Local Government</i>
9	December 1983	<i>Proceedings: Intergovernmental Forum</i>
8	Winter 1981	<i>South Carolina Assembly on Growth Series</i>
7	July 1981	<i>Commentary: Double Taxation Problem in SC</i>
6	April 1981	<i>Summary Report: City/County Consolidation in SC</i>
5	November 1980	<i>Summary Report: Annexation in SC</i>
4	October 1980	<i>Summary Report: Financial Aid to Local Subdivisions</i>
3	August 1980	<i>Interim Report on the SC Home Rule Act</i>
2	January 1980	<i>Commentary on the Cost of Mandates</i>
1	January 1980	<i>Interim Report on Intergovernmental Fiscal Policies</i>

South Carolina Advisory Commission on Intergovernmental Relations Commission Reports 1980-1994

- (37) ***Home Rule in South Carolina: An Examination of the State-Local Relationship, October 1994***

This comprehensive examination of home rule issues focuses on fiscal and structural aspects of the state-local relationship. Also examined is the key role of school districts in the inter-governmental landscape. Recommendations for strengthening the relationship between South Carolina's governmental units are issued.

- (36) ***Elements of a Growth Policy for South Carolina, March 1994***

How will South Carolina address the challenges resulting from rapid growth? The "elements" of a state growth policy together represent a collection of "tools" needed by municipal and county governments if they are to successfully meet increased service demands in the future.

- (35) ***Federal Funds in South Carolina: A Brief Overview, November 1993***

Federal funds have a significant impact on states and local governments. This overview provides a thumbnail sketch of the classifications and amounts of federal funds in South Carolina, as well as an examination of general trends evidenced over the past decade.

- (34) ***Report of Special Purpose Districts 1992, July 1993***

Every two years, special purpose districts in South Carolina are required to register with the Secretary of State's Office. Information reported includes descriptions of the services provided, geographic service areas, governing body rosters, and basic financial information. This report serves as a basic catalog of all complying districts.

- (33) ***Catalog of State Mandates to South Carolina Local Governments, July 1993***

In 1987, the Commission conducted one of the most comprehensive studies done in a state with regard to mandates. This report reviewed mandates in South Carolina, provided cost analyses of mandates perceived to be the most burdensome, and issued policy recommendations for further activity and study in the area of mandates. This catalog represents an ongoing implementation of one of these policy recommendations: to identify all legislative, executive, and administrative mandates to local governments in South Carolina at the conclusion of each two-year legislative Session.

- (32) ***Metropolitan Council Form of Government: An Option for Urbanized Areas, March 1993***

The intent of the proposed Metropolitan

Council approach to governance is to provide the citizens of the State living in urbanized areas (with populations of 50,000) or more with a vehicle to address area wide issues beyond the capacity of the existing political subdivisions in the urban area. Leaders would be empowered to create a Commission to produce a Metropolitan Council Charter for approval or rejection by the voters. The Metropolitan Council could be formed to provide one or more services for the entire urban area. This would provide a local government structure with jurisdiction over the entire urbanized area to promote efficiency and economy in the provision of urban services.

(31) Charter Form of Government for South Carolina's Counties, February 1993

Twenty-six states presently allow their county governments to adopt charters that serve as "little constitutions", tailoring the structure of a county government to fit the specific needs and desires of the residents. The Charter County form of government recommended in this study would enable a county to operate much like a "weak-mayor" form of municipal government in that all policy making power could be vested in the county governing body through the conversion of any or all constitutionally and statutorily elected offices to appointive status.

(30) South Carolina's Communities: A Profile of Change, February 1993

This report reviews demographic and economic data to provide a profile of South Carolina in the 1990's. Data reveals that South Carolina is an urbanized state that depends on concentrated areas of population and economic activity as linchpins in the state's overall pattern of growth and development. These areas serve as "economic engines" for the state, and are comprised chiefly of the state's twenty two most populous counties. However, the state's economy is also based on the principle of interdependence: these core areas serve as economic magnets for outlying areas, providing jobs, retail

opportunities, etc., while outlying areas provide a critical mass of additional labor and consumer activity that enhance the core areas' ability to attract and retain business and industry.

(29) State Revenue Estimating in South Carolina, November 1991

One of the most difficult problems faced by elected state officials is the task of balancing a state budget when revenue falls short of the amount anticipated or estimated. When this occurs, state fiscal problems also become the fiscal problems of local governments as the state-shared revenue that cities and counties depend upon may be reduced. This report examined the process used in South Carolina to estimate state revenues, comparing our approach to that of other states. Recommendations offered by the Commission to strengthen this process were adopted by the General Assembly in 1992.

(28) Fines and Assessments in South Carolina, August 1991

This report examines the State's system of fines, assessments, and the distribution of revenue generated through levies upon law violators. It is often perceived that the cost of "fines" is sharply increasing and that the revenue from the fines benefits the local government where the violations occur. However, the total cost of a violation includes both the fine which is awarded and assessments which are mandated by the state. This study clarifies the link between fines and assessments and explains how revenues generated are distributed among the state and local governments.

(27) Report of Special Purpose Districts 1990, (July 1991)

Every two years, special purpose districts in South Carolina are required to register with the Secretary of State's Office. Information reported includes descriptions of the services provided,

geographic service areas, governing body rosters, and basic financial information. This report serves as a basic catalog of all complying districts.

- (26) ***Catalog of State Mandates to South Carolina Local Governments: Activities of the 1989-1990 Legislative Session, (June 1991)***

This report is a compilation of all legislative, executive, and administrative mandates to local government passed during the 1989-1990 Session of the General Assembly.

- (25) ***The Future of Municipal Annexation in South Carolina, (May 1991)***

South Carolina's annexation policies are inadequate as tools for municipal growth management. The State has some of the most restrictive annexation statutes in the nation, prohibiting municipalities from initiating a process to broaden city boundaries. This prevents cities from monitoring growth on the unincorporated fringes. The report offers recommendations to strengthen municipalities through enhancing annexation policies.

- (24) ***Financing Government in the Palmetto State: A Study of Taxation in South Carolina, (February 1991)***

This study of South Carolina's state and local tax system analyzes the most critical components of taxation, comparing South Carolina with other states in the region and in the nation. Identified are numerous options for reforming the tax system, basic areas that may require attention if the State is to raise tax revenue in the most equitable and efficient manner possible. Recommendations for action to improve facets of the total state and local tax system are included.

- (23) ***South Carolina Local Government Capital Project and Infrastructure Needs Survey, (January 1991)***

This survey documents the capital project and infrastructure needs of all of the State's counties, municipalities with populations of 3,000 or more, and several special purpose districts. Participants detailed critical project needs for the next five years.

- (22) ***Federal Funds in South Carolina: A Brief Overview, (October 1990)***

Federal funds have a significant impact on states and local governments. This overview provides a thumbnail sketch of the classifications and amounts of federal funds in South Carolina, as well as an examination of general trends evidenced over the past decade

- (21) ***Intergovernmental Innovations in South Carolina, (June 1990)***

In order to meet service demands in the face of limited revenue, public officials have increasingly become innovators, seeking more creative methods of delivering services. This report highlights three examples of intergovernmental innovation: a county reorganization, a "roving" public administrator program, and a statewide high tech mapping/information system.

- (20) ***Aid to Subdivisions: An Examination of State-Shared Revenue in South Carolina, (March 1990)***

Local governments in almost all states received "state-shared" revenue, funds that are shared with localities in recognition that local governments also carry out some state functions. The importance of this revenue is critical to South Carolina's local governments. This report examined the process used in the state to share

revenue, a complex structure comprised of eleven different sources. Recommendations were issued to simplify the process and stabilize this revenue stream. These recommendations were adopted and enacted by the General Assembly in 1991.

(19) *Investing in the Future: A Reconsideration of Local Government Debt and State Constraints, September 1989*

Local governments in South Carolina are subject to a constitutional limit on the amount of debt that may be assumed for general obligation projects. This study examines the appropriateness of that limit and explores new options for funding costly infrastructure projects. Recommendations issued ensure that localities can borrow and finance future growth while simultaneously practicing prudent debt management.

(18) *Election Reform for Increased Voter Participation in South Carolina, September 1989*

This report examines the contributing factors to South Carolina's traditionally poor voter participation. Recommendations are issued to simplify election processes and encourage participation.

(17) *Planning for South Carolina's Future, May 1989*

How can South Carolina best prepare for the future? How will future increased demands for services be effectively addressed by the state and local governments? This study recommends that South Carolina adopt a statewide comprehensive planning process, a "bottom-up" process which emanates from local governments and planning regions to the state. Through such a process, general guidelines would be established for the development of critical infrastructure components.

(16) *The Homestead Exemption Revisited: The Future of Property Tax Relief for the Elderly in South Carolina, June 1988*

This report examines the method in which South Carolina grants property tax relief to the elderly. The State's Homestead Exemption is available to all property owners age 65 and above. This analysis compares the present system with approaches for property tax relief taken in other states.

(15) *State Mandated Local Government Expenditures and Revenue Limitations in South Carolina, June 1988, (Full Report, Executive Summary, Catalog of Mandates)*

A mandate, in its broadest sense, is a mechanism by which local decision-making authority is inhibited. This report represents the most exhaustive effort ever in South Carolina to examine the issues and problems associated with mandates. The term "mandate" is defined and applied to South Carolina statutes that govern the structures and operations of local governments. Accompanying this report is a comprehensive catalog of all legislative, executive, and administrative mandates to local governments in the State. Several recommendations to improve this aspect of the state-local relationship were issued by the Commission and have been adopted by the General Assembly.

(14) *Local Government Consolidation in South Carolina: Promise Unfulfilled, March 1988*

In 1972, the voters of the State approved a Constitutional amendment to provide an option for consolidated city-county government in the State. However, the necessary enabling legislation was not enacted by the General Assembly when this report was issued (it followed later in 1992). This study examines the concept of consolidation and outlines areas that deserve attention if consolidation is to be a viable growth management tool.

- (13) ***Local Intergovernmental Cooperation: The State of the Art in South Carolina, December 1987***

This study is the result of a SCACIR survey to determine the degree of intergovernmental cooperation being undertaken by the State's local governments. Particularly innovative examples of cooperative ventures are highlighted in detail.

- (12) ***Roles and Relationships: South Carolina Government in the Year 2000, January 1987***

This study considers the nature of government in South Carolina in the year 2000 and beyond. In-depth analysis of the State's population trends provides a basis for recommendations for both the State and local governments to enable them to be prepared for the challenges posed by growth. One overarching theme is evident: the State must plan for the future and act, rather than react with respect to future challenges.

- (11) ***Identifying Special Purpose Districts in South Carolina, November 1985***

South Carolina contains hundreds of Special Purpose Districts. Vital services are provided to citizens by these districts, yet relatively little is known about their structure, finances, and operations. Act 488 of 1984 requires that all districts register with the Secretary of State's Office, providing basic financial and administrative information. This report traces the development of the Act, the resulting registration process, and the issues which have been raised as a result of the new law.

Other SCACIR Reports and Projects: (Library copies only)

- (10) ***The Gramm-Rudman-Hollings Amendment: Changing the Federal Role in Local Government, May 1986***

This staff report examined the potential impact of the deficit reduction strategies of the Gramm-Rudman-Hollings Act on both state and local governments.

- (9) ***Proceedings: Intergovernmental Forum, December 1983***

This was the second Intergovernmental Forum sponsored by SCACIR. Speakers included representatives from local government associations, the Attorney General's Office, the USACIR, and leaders in the utility industry, among others. Principal topics included: municipal annexation, the need for consolidation legislation, and the funding of programs to enhance public education.

- (8) ***South Carolina Assembly on Growth Series, Winter 1981:***

More than one hundred South Carolinians from industry, government, education, business, and agriculture participated in an intense, three-day "Assembly on Growth" This group analyzed and studied highly significant growth issues and objectives. As a result of this effort, the Commission urged the General Assembly to develop and adopt a "growth policy". A concurrent resolution endorsing the recommendations of the Assembly on Growth won approval in both the House of Representatives and the Senate. The following reports served as background information for this effort:

- ▶ *Socio-Economic Profiles of South Carolina in 1980*
- ▶ *The State and Local Government Framework in South Carolina*
- ▶ *The People Left Behind*
- ▶ *The Pruned Tree: South Carolina in Continuity and Transition*
- ▶ *Interim Report of the South Carolina Assembly on Growth*
- ▶ *Final Statement*
- ▶ *Joint Resolution*

(7) *Commentary on the Tax Inequity (Double Taxation) Problem in South Carolina, July 1981*

This paper describes issues related to double taxation, as well as potential approaches to ameliorate these problems.

(6) *Summary Report on City-County Consolidation in South Carolina, April 1981*

This report provides a model charter design for city/county consolidation in South Carolina. The charter was developed as a guideline for the General Assembly to use in developing consolidation legislation.

(5) *Summary Report on Annexation, November 1980*

Annexation is examined in South Carolina in light of increasing urbanization and the increased demand for urban services. When compared with the annexation policies of other states, South Carolina's statutes serve to discourage municipal growth and development.

(4) *Summary Report: Financial Aid to Local Subdivisions, October 1980*

The manner in which the State of South Carolina shares revenue with municipal and county governments was, at one time, extremely complex and was not easily understood by the General Assembly or members of the local government community. This report outlines the process in detail.

(3) *An Interim Report on the South Carolina Home Rule Act, August 1980*

South Carolina's Home Rule Act was passed by the General Assembly in 1975. Though it improved the status of cities and counties in the intergovernmental arena, many aspects of Home Rule warrant clarification and strengthening. This study provides structural and fiscal recommendations.

(2) *Commentary on the Cost of Mandates, January 1980*

This paper represents the SCACIR's first work in the area of mandates. Outlined are the types of mandates in existence and a general statement of the mandate problem and related intergovernmental issues.

(1) *An Interim Report on Intergovernmental Fiscal Policies, January 1980*

This brief paper focuses primarily on the fiscal relationship between South Carolina and her local governments. Areas of the relationship that warrant improvement are discussed.

South Carolina Advisory Commission on Intergovernmental Relations Commission Recommendations 1980-1994

(Recommendations are listed by topic category; the number appearing in parentheses at the end of each recommendation refers to the report in which the recommendation was issued)

Topic Categories

1. Local Government Funding Issues
2. Local Government Debt and State Constraints
3. Mandates
4. Local Government Forms/Structures
5. Municipal Annexation
6. Election Issues
7. Funding and Governance of School Districts
8. State Government Structure
9. State Government Finance Issues
10. Reforming South Carolina's State and Local Tax System
11. Planning for South Carolina's Future

1. Local Government Funding Issues

Additional revenue options should be made available to South Carolina's cities and counties for the purposes of generating funds for general operating and capital expenditures.

Revenue sources that were discussed and examined as part of the original Local Government Finance Act should be considered as a starting point for discussion, with the intention of providing a menu of options from which local governments could choose the most desirable

vehicles for funding. Suggestions for other feasible sources should also be considered, with suggestions solicited from state and local officials. (37, 36)

Restrictions that are tied to presently available revenue sources should be periodically reviewed in order to determine their affect of the revenue generating ability of these sources. Restrictions pertaining to the expenditure of funds from the accommodations tax and the local option sales tax serve as examples. The General Assembly should also carefully consider the potential impact of restrictions placed on future revenue alternatives that may be adopted. (37)

The General Assembly should enact legislation permitting cities and counties to adopt a limited time, capital project sales tax to fund infrastructure projects. (37)

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2. Local Government Debt and State Constraints

The state should continue to limit local general obligation borrowing, but the present debt limitation should be revised. A more reasonable debt threshold should be based on a percentage of local operating revenue rather than on a percentage of assessed property values. (37, 19)

The State should establish a bond bank that would enable local governments, primarily smaller and more disadvantaged localities, to borrow for their needs.(37, 19)

The State should encourage local governments to avoid lease-purchase contracts for capital improvements. (37, 19)

South Carolina localities should be able to earmark any stable source of revenue other than the property tax for debt repayment. (19)

The State should provide technical assistance in local debt management through its program of continuing education for state and local elected leaders and administrators. (19)

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3. Mandates

Future mandates should be incorporated into the existing catalog at the end of each two-year General Assembly Session and their fiscal notes retained for the record. (15)

As new approaches and techniques for assessing the cost of mandates become available, they should be employed to study the costs of mandates to local governments. (15)

Existing mandates should be subject to a periodic review of their relevance. Mandates that are not archaic, not implemented, not enforced, or unclear should either be removed from the Code or revised and enforced. (15)

Fiscal note legislation should be complied with in the spirit in which the legislation was enacted. The notes should reflect the cost to local governments, as well as the cost to the State, and should accompany each legislative and agency mandate. (15)

The fiscal note should be prepared by a neutral, quantitatively sophisticated group. That group should periodically conduct internal validity studies which compare their estimated economic impact of mandates with the actual economic impact. Predictions should include the cumulative impact of the proposed mandate. When a previous mandate competes with or limits ability to comply with a proposed mandate, a resolution method should be offered. (15)

Existing fiscal note legislation should be amended to require a statement by the author of mandate legislation as to how the mandate is to be funded. (15)

Local government officials should be permitted to appeal a prospective mandate and present an independent assessment of the cumulative economic impact of a proposed mandate and present their findings to the appropriate legislative committee before a mandate is enacted. (15)

The State should clarify local government responsibilities regarding traditional mandates, those mandates that usually do not exist in print but have always been followed. Examples include local provision of office space and supporting costs for state agencies. (37, 15)

Mandates should exist in one of three forms - legislative enactment, administrative regulation, or by executive order. While there may be a good reason to include a mandate to local governments in the state Appropriations Act one year, mandates by budget proviso should not recur. (15)

Efforts should be made at the state level to consider the impact of federal pass-through mandates upon local governments. Recent mandates dealing with water, air, and landfill standards have been particularly costly, and some efforts have been made at the state level to develop plans and programs for local compliance. State officials should work in concert with local officials in the future to continue to identify creative ways to fund compliance with federal mandates. (37, 15)

Mandates to local governments should continue to be cataloged in order to increase understanding of the mandates issue on the part of state and local officials. The 1992 unfunded mandates legislation established categories of exceptions in which the General Assembly can pass mandates without providing funding. Future catalog efforts should denote: (a) those cases where funds are provided in accordance with mandates, and (b) the exception(s) that applies when an unfunded mandate is passed. Examples would include federal pass-through mandates. (37)

◇ ◇ ◇

4. Local Government Forms/Structures

South Carolina counties should have a fifth form of government from which to choose, a Charter form of county government. This form would institute key management-enhancing structural reforms for county governments. Most

importantly, under this form a county council would assume management authority and responsibility similar to municipal councils. (37, 31)

A Metropolitan Council form of government should be available for use by the State's urbanized areas as a way to logically and efficiently provide services to entire metropolitan areas, regardless of present jurisdictional boundaries. (37, 32)

The General Assembly should take appropriate action to review the consolidation legislation passed in 1992, making necessary revisions to insure the feasible use of the process and the constitutionality of the process. Such legislation was introduced in the 1994 Session. This legislation was developed after many of the problems associated with the consolidation act were discovered as a county attempted to implement the process. This legislation can serve as a strong basis for revision of the consolidation statutes. (37)

All statutes that grant the power to appoint members of county-affiliated agencies, boards, and commissions to any person or group other than county council should be revised, granting such power directly to county councils. The membership of any entity that county councils are required to provide funding for should be the responsibility of county councils. (37)

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5. Municipal Annexation

The Majority Petition/Election method and the 25 percent Petition/Election method should be reinstated as viable annexation options. Language must be changed in order for these methods to withstand constitutional challenges. (37)

The 75 percent-100 percent Petition-Ordinance method should be modified, reducing the percentages of landowners and assessed property value required to enact this method. (37)

Municipalities should have access to an addition method of annexation in which city councils may formally initiate the process by resolution. No citizen petition would be necessary. A referendum would be held only in the area proposed for annexation. (37, 25)

Municipalities should be permitted to annex "enclaves", or islands, through the simple adoption of annexation ordinances by the municipal governing body. (37, 25)

More stringent notification requirements should be introduced into the annexation process. These may include first class mail notification of a pending annexation action being issued to all property owners in an area projected for annexation. (37, 25)

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6. Election Issues

In those counties that operate single-member district election methods, there should be created the separate office of Chairman of the County Council. This office should be elected on an at-large basis. (37, 36)

Like cities, counties should have the authority to operate non-partisan elections for county council if it is desired. (37, 36)

State and local elections commissions should be given responsibility for operating all elections, both primary and general, in South Carolina. (18)

South Carolina should have a unified election calendar, earmarking no more than four days during the year on which elections may be held. This requirement would not apply to runoff elections. (37, 18)

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7. Funding and Governance of School Districts

The portion of educational funding presently provided by the State should be increased, reducing the importance of the local property tax in funding the total educational bill. Simultaneously, pressure and reliance on the property tax in South Carolina could be further alleviated by providing alternative revenue sources for municipal and county governments (such as those proposed in the original Local Government Finance Act). The property tax would remain the significant local source of revenue for schools. (37)

Debt limitations for all local governments, including school districts, should be revised and increased. In conjunction with this revision, lease purchase agreements that involve real property should be discouraged and perhaps be included as part of a local government's total debt. (37)

A minimum level of fiscal authority should be available to all school districts. A percentage limit increase on operating revenue could be allowable annually to all district boards that they could institute on their own. An appropriate limit may be one that allows districts to meet their required increases mandated by the EFA and the EIA plus a percentage tied to the inflation rate. This approach would allow an annual maintenance of effort plus a reasonable operating revenue increase that keeps pace with inflation. (37)

South Carolina's system of 91 school districts ranging in size from 557 to over 53,000 students deserves examination and study. Opportunities for consolidation of districts may be identified, particularly in those areas of the State that have few students and multiple districts. (37)

All school board elections in South Carolina should be nonpartisan. (37)

All school board members in South Carolina should be elected officials that represent constituents. (37)

South Carolina's educational statutes should be reviewed by appropriate authorities with the goal of defining appropriate policy making roles for school boards. Specifically, those statutes that clearly bestow administrative responsibilities on policy boards should be reviewed and revised. School boards should not be directly involved in day to day personnel and administrative matters that are clearly administrative duties that should be the responsibility of a hired, professional superintendent. (37)

All elected school board members should be required to participate in continuing education programs. (37)

All local government officials should participate in mandatory continuing education programs. (36)

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8. State Government Structure

Standing legislative committees should be formed in the House of Representatives and in the Senate in order to more effectively address legislation that impacts local governments in South Carolina. (37, 36)

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9. State Government Finance Issues

In order to strengthen the revenue estimating process in South Carolina, it is recommended that changes be made in the composition of the Board of Economic Advisors, so that the Board is comprised of the following:

(1) A professional designee of the Governor that possesses specific working knowledge and experience in economics, revenue forecasting, and the state budget process. This person will serve as Chairman;

(2) A professional designee of the House Ways and Means Committee Chairman that possesses specific working knowledge and

experience in economics, revenue forecasting, and the state budget process;

(3) A professional designee of the Senate Finance Chairman that possesses specific working knowledge and experience in economics, revenue forecasting, and the state budget process;

(4) The Chairman of the State Tax Commission; and,

(5) The Director of the Budget Division of the Budget and Control Board. (29)

The central staff that serves the Board of Economic Advisors should be comprised of three full time members: A chief economist, a clerical staff member, and one professional analyst. This central staff should be supplemented by the following officials each designating one professional from their individual staffs to assist the central BEA staff on a regular basis: the Governor, the House Ways and Means Committee Chairman, the Senate Finance Committee Chairman, the State Tax Commission Chairman, and the Director of the State Budget Division. It is recommended that the full time BEA staff meet monthly with these designees in order to solicit their input. (29)

The full Board of Economic Advisors should be required to meet on a quarterly basis. In addition to fulfilling its economic and revenue forecasting responsibilities for future fiscal years, at each session, the Board should monitor and review the flow of revenue for the current fiscal year in comparison to current year revenue estimates. A synopsis of findings should be published and submitted to the Budget and Control Board and the General Assembly after each meeting. If actual revenue collections represent an overall shortfall for any quarter of over 1.5 percent of projected revenue collections for that quarter, the synopsis should include a detailed analysis of the factors contributing to the shortfall, the impact of the shortfall for the present fiscal year, a projection of whether the shortfall will be compensated for in the remaining quarters of the present fiscal year, and the impact of the shortfall on revenue estimates for the ensuing fiscal year. In addition, a similar detailed synopsis should be

provided if a shortfall of 1.5 percent or more is experienced in any one of the following individual revenue categories: sales and use taxes, individual income taxes, corporate income taxes, taxes on insurance premiums (including workers compensation insurance), and earnings on investments. (29)

Any individual member of the Board of Economic Advisors should have the authority to request that additional meetings of the full Board be scheduled if that member believes that financial circumstances justify such meetings. (29)

In order to streamline and simplify the Aid to Subdivisions process and to create a stable funding source that will grow at a reasonable rate, it is recommended that the eleven "formula funded" shared revenue sources be replaced by a single revenue source. It is further recommended that the annual growth of the total Aid to Subdivisions distribution pool be based on the annual percentage growth of the State General Fund. (20)

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10. Reforming South Carolina's State and Local Tax System

The degree of centralization in South Carolina's revenue system may have been appropriate for a rural/agricultural state, but should be reexamined in the light of growing urbanization. Alternate local revenue sources and debt limitations are two items worth reviewing. (24)

While the federal government has not been consistent in indexing the income tax, South Carolina has opted to do so starting in 1989. Indexing for inflation preserves the distributional structure of the tax and reduces the automatic increases in revenues that would otherwise result from inflation. We strongly support the concept of indexation and would resist the temptation to drop indexing, temporarily or permanently, in response to perceived revenue needs. (24)

The tax treatment of business in South

Carolina represents, as it does in all states, a trade-off between short-term revenue needs and the desire to attract industry to the State by offering a competitive tax package. Tax provisions intended to help with recruiting industry should be reviewed regularly to weigh the revenue loss against the benefits. (24)

The tax treatment of retirement income and the effort devoted to capturing revenues from passive income (interest and dividends) should be carefully examined in the light of a growing retired population. (24)

The structure and rates for selective sales taxes in South Carolina should be carefully reviewed to determine why revenue from those sources has grown so slowly and what rates are appropriate. Since most selective sales taxes are stated in specific terms, their real value declines with inflation. All such taxes should be subject to regular review so that there is not an unintended tax reduction as a result of inflation. (24)

Licenses, fees, and charges are sources of income that can be used to generate additional revenue and assign the cost of supporting certain services to those who use them the most. Expanded use of these revenue sources should be explored, but with caution in a context of the equity of the overall revenue system. (24)

With the addition of local option sales taxes, South Carolina will be raising a disproportionate share of its state and local revenue from the sales tax. Any proposed expansion or narrowing of the base of the sales tax needs to be carefully examined from the standpoint of the distributional burden in the next decade. (24)

The cap of \$300 on sales of automobiles and similar items has been the subject of heated debate and will continue to be, both as an equity issue and a revenue issue. Possible reforms include elimination, a higher cap, or an exemption of a minimum purchase level with the tax applied beyond that level. (24)

Taxes on tobacco products could be levied at higher rates to generate more revenue, since

they are among the lowest in the nation. The added revenue can either go into the general fund or be used to reduce other taxes in the state system. (24)

The taxation of distilled liquors is quite complex, with one or more taxes at each stage. While the overall tax burden may or may not be appropriate, depending on the objectives of the General Assembly, it should be possible to collect the same amount of revenue with fewer taxpayers and lower administrative costs by simplifying the structure of the tax and reducing the number of stages of production and distribution at which these taxes are collected. (24)

If the distribution of the burden of the property tax is considered to be too regressive, several options can be explored. One option is to add a circuit breaker, or property tax credit to the state income tax. This option will reduce state revenues without affecting property tax collections. A second option is to modify the present homestead exemption so as to include all families below the poverty level, either in addition to or in place of the present exemptions for the elderly and disabled (in order to minimize the revenue impact). A third approach is to combine these two methods. (24)

Most local elected school boards have little flexibility on the revenue side of their budgets. Since most school boards are elected and therefore accountable to the voters, the General Assembly may want to explore granting more autonomy in setting the mil rate for school purposes. (24)

Heavy reliance on the property tax creates large gaps between poor areas and wealthy areas in the ability to finance local public services. South Carolina has relied less on the property tax and more on state aid to finance these services than many other states. When the General Assembly considers funding of state aid to subdivisions, alternative local revenue sources, and mandating local government programs and services, the property tax impact of such actions should be considered as an important aspect of the decision. A local property tax impact statement for each such proposal would keep the General Assembly

mindful of how the proposal would affect equalization. (24)

To the extent that local governments need more flexible and responsive revenue instruments, and need to reduce dependence on fees and charges, the General Assembly should continue to explore providing local governments with additional revenue options. While the accommodations tax was passed and a modified local option sales tax is now available, other options that derived from the 1977-1988 Local Revenue Diversification Study, a local piggyback income tax, local amusements tax, local admissions tax, and a local motor vehicle tax should be considered. (24)

As presently designed, neither the accommodations tax nor the local option sales tax is truly a local tax. Consideration should be given to whether cities and counties should be given more discretion in the use of accommodations tax revenues. After the initial experience, the legislature may wish to review the property tax rollback requirement and the fiscal equalization aspect of the local sales tax. (24)

South Carolina's tourism industry operates in a competitive market, so the accommodations tax rate must be kept in line with those of other states. Nevertheless, the rate for this tax should be reviewed periodically in the light of what is happening to rates in other states. (24)

The present system of state aid to subdivisions needs to be carefully reviewed, considering which taxes to include, what basis to use for distribution, the appropriate shares for counties and municipalities, and the degree of certainty that can be provided about the level of funding. (24)

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11. Planning for South Carolina's Future

South Carolina should have a statewide planning process which emanates from local governments and planning regions to the state level. Local plans would serve as the basis for

regional plans and regional plans as the basis for a state comprehensive plan. This process should be preceded by the development of minimum planning standards by the State. (36,17)

The State of South Carolina should develop a state growth policy in order to direct and control growth to produce the desired positive benefits while at the same time reducing the possible adverse impacts. (12)

The State should grant to city and county governments additional structural and fiscal resources which allow them to better meet their responsibilities in order to enable them to better serve the constituents by whom they were elected and to whom they are directly accessible and accountable. (12)

The State should develop a comprehensive statewide economic development policy which at the same time takes into account the needs and desire of economic develop efforts and organizations at the regional and local levels. This policy should further the dual goals of economic development in the state as a whole (and especially the creation of additional economic opportunities in economically distressed areas) and an increased capacity on the part of local governments to effectively govern and administer the affairs of their jurisdictions. (15)

The State should continue and expand upon efforts to improve the educational system at the elementary, secondary, and higher education levels in order to ensure that the multiple benefits of a well-educated population are enjoyed to the fullest possible extent throughout the state. (15)

The State should develop methods of determining the nature and extent of South Carolina's resources and planning for their productive utilization and conservation for the future in order to preserve the natural environment of the state for future generations. (15)

City and county governments should spend the time and effort now to develop comprehensive growth plans and enforcement mechanisms in order to be prepared to manage and direct the population growth that will eventually

take place in many jurisdictions. (15)

City and county governments must seek innovative ways to deliver services and should seek to attract, train, and retain the highest quality work force possible in order to serve constituents efficiently and effectively. (15)

City and county governments need to begin to think and act in terms of areas larger than individual, discrete jurisdictions and to recognize the value of cooperative efforts in order to effectively deal with both the problems of urbanization and significant population growth and the problems of non-growth and stagnation. (15)

City and county governments must align and coordinate their efforts with those of the state government in areas where there are clearly problems or opportunities on a statewide scale that demand widespread attention in order to be most effectively dealt with. (15)

City and county governments must prepare themselves to become more self-sufficient and more responsible for determining the local agenda of important issues in order to be able to operate in the new governmental environment that appears to be the trend of the future. (15)

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What is ACIR

The South Carolina Advisory Commission on Intergovernmental Relations (SCACIR) was originally created by Executive Order of the Governor in 1979, was established as a state agency by the General Assembly in 1984, and was incorporated into the State Budget and Control Board in 1995. The mission of SCACIR is to improve coordination and cooperation between the State and its local governments and to provide research, information, and advisory services to public officials and citizens of South Carolina.

SCACIR is the only entity committed to the study of state and local government issues; it is the only place where all participants in the intergovernmental arena can meet and work together in a neutral setting. By its legislative mandate, SCACIR acts as a forum for the discussion and study of intergovernmental problems, researching and making recommendations on timely issues selected for study by the Commission. In addition, SCACIR examines proposed and existing programs affecting local governments, participates in the continuing education of elected officials, and works closely with the State's colleges and universities on matters of common concern.

Of the twenty-one Commission members, eight represent the General Assembly, three represent municipalities, three represent counties, four represent the general public, and one member each represents school boards, special purpose districts, and regional councils. Members of the Commission are appointed by the Governor for terms of two years.